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INFORMATION REPORT

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SUBJECT Recent Developments in A/O Avtovelo;
Miscellaneous Information on Other USIA
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Present Status of USIA Firms

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1. With the exception of those USIA-controlled firms which are fully employed on Soviet orders, an estimated 60 percent of USIA's plants are now operating at a financial loss. As a result, USIA employees are becoming increasingly concerned about the security of their jobs, particularly since it is widely rumored that USIA is planning to transfer reliable Austrian Communist Party members to the Soviet Oil Administration (SMV). In fact, Herike, formerly Kuzin's secretary at the Central Commercial Bureau, Merbaul, former employee of A/O Podyomnik, Heavy Industry Department of USIA, and Thienel, an Austrian commercial expert who has been employed at the Central Commercial Bureau for some time, have already been transferred to the SMV Purchasing Office.*(1)

Current Production of Firms Administered by A/O Avtovelo, Automotive and Fine Mechanics Department of USIA.

2. a) Kromag A.G. has been ordered to reserve its entire output of four to nine millimeter spiral drills for shipment to the Soviet Union. At present Kromag is working solely on a Soviet order for 10 to 15 millimeter drills.*(2) On 6 April 1950, this USIA firm delivered three cases containing a total of 9,484 high-speed steel drills to the Soviet-controlled DDSG for storage.

It is possible that USIA may have to shut down the Kromag division manufacturing bicycle spare parts because it has lost its principal customer, Steyr-Daimler-Puch A.G., which is now manufacturing its own spare parts.

- b) Hirtenberger Patronenfabrik's recent request for a license to import 500 kilograms of smokeless gun powder from Chemolimpex, Budapest, has been approved.*(3) As a result, the Hirtenberger plant has already started to manufacture flobert (sic) ball and shot gun cartridges. During the month of March 1950, this USIA firm sold 720,000 schillings worth of its products on the Austrian market.

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- c) For the past month, Wiener Werkzeug-u. Werkzeugmaschinenfabrik, Ing. Frank & Co., has been working on a Soviet order of 31 grinding machines, a type which designed especially for SPKN drills.
- d) Because of a shortage of raw materials, the Steyr-Daimler-Puch A.G. repair shop in Vienna X has not been able to complete more than 20 of a total order for 200 bus chassis.*(4)
- e) For the past month, Austro-Fiat has been busy assembling 11 trucks which have been ordered by the Soviet Oil Administration (SMV). Because this firm is burdened with a debt of 1,100,000 to 1,200,000 schillings which it owes the A/O Avtovelo Sales and Purchasing Office, USIA has authorized Gruzdev, Soviet director of Austro-Fiat, to collect 350,000 schillings from the SMV. It is reported that the A/O Avtovelo Sales and Purchasing Office is charging the SMV 132,000 schillings per five-ton Austro-Fiat truck.
- f) The "Auwerk" Gebrüder Eichenauer Stahlwarenfabrik plant in Hainfeld has been shut down since the week of 10 April 1950. It is rumored that USIA plans to rent this plant because the "Auwerk" firm now has 4,000,000 surplus razor blades on hand and has not been able to find a market for its products for the past several months.*(5)
- g) USIA is now shipping the entire output of Kloeckner-Humboldt-Deutz, Schaeffer & Budenberg, and Peter Ginzler to the USSR.

Shipments to the USSR

- 3. The following USIA products were shipped to the Soviet Union during March and April 1950:
 - 85 cases of Diesel motors shipped from Kloeckner-Humboldt-Deutz to Machino-Import, Ismail.
 - 4 railroad cars loaded with 18 barrel manufacturing machines from Wiener Werkzeug-u. Werkzeugmaschinenfabrik, Ing. Frank & Co., to Stanko-Import, Moscow, via Mukachevo.
 - 19 cases of spare parts for motor vehicles, from Oesterreichische Automobil-Fabriks A.G. to Techno-Import, Ismail.
 - 10 trucks shipped on DDSG barges No. 114 and 138 from Austro-Fiat to Techno-Export, Ismail.
 - 5 rope winches (Seilwinden) were delivered by Kromag A.G. to A/O Podyomnik, for shipment to the USSR during the week of 24 April 1950. Kromag's price per winch is 63,000 schillings.*(6)

A/O Avtovelo Sales and Purchasing Office

- 4. As of 1 April 1950 this office had 3,250,000 schillings worth of USIA products in stock. This figure includes Austro-Fiat products valued at 509,200 schillings and Kromag A.G. products worth an estimated 380,000 schillings.

USIA Products and Equipment for Sale

- 5. The following USIA firms are now trying to sell the surplus products listed below:

<u>USIA Firm</u>	<u>Product</u>	<u>Sale Price</u>	<u>Book Value</u>
Wiener Werkzeug-u. Werkzeugmaschinenfabrik	Lathes	12,000	25,000
Kromag A.G.	Machines, lathes, drills, motorcycles	33,000	46,000

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<u>USIA Firm</u>	<u>Product</u>	<u>Sales Price</u>	<u>Book Value</u>
Friedrich Weichmann's Nachfolger	Lathes	4,000	14,000
Steyr-Daimler-Puch A.G.	Machines and equipment	43,000	28,000
Austro-Fiat	Unassembled and damaged machinery	10,000	3,000
Peter Ginzler and "Auwerk" Gebrüder Eichenauer Stahlwarenfabrik	Unspecified goods	100,000	70,000
Hirtenberger Patronenfabrik	Unspecified products	Not yet determined	1,300,000
Draeger G.m.b.H.	Unspecified products	70,000	107,000

Possible USIA Customers

6. During the month of April 1950 representatives of the following firms initiated negotiations with the A/O Avtovelo Sales and Purchasing Office regarding purchasing certain USIA products:

- a) Eduard Edlitzberger & Co., Vienna VII, Zieglergasse 33, regarding purchasing for shipment to Buenos Aires, 20 Diesel generators, 75 to 80 Kw, 100 Kva, (500 revolutions per minute); 20 Diesel generators, 100 Kw, 125 Kva, (428 revolutions per minute); and 20 Diesel generators, 200 Kw, 250 Kva, (428 revolutions per minute).
- b) "Arga" Export-Import, Vienna VII, Museumstrasse 3, regarding purchasing for shipment to India 6/8, 10/12, 14/16, and 20/22- horsepower Diesel motors. This firm wishes the motors delivered f.o.b. to Trieste; payment to be made in schillings.
- c) Sabex, Gesellschaft fuer den internationalen Warenhandel G.m.b.H., Vienna III, Landstrasse Hauptstrasse 1, regarding the cost of purchasing 15-horsepower Diesel motors for Uruguay. This firm wishes to pay USIA free dollars c.i.f. an overseas port.
- d) Kuntzel & Co., Vienna II, Kleine Stadtgutgasse 12, is interested in purchasing for shipment to Iran Diesel motors for electric generators with an output of 10,15,20,25,30, 40 and 50 Kw and two Diesel motors (1000 and 700 Kw.)*(7)
- e) R. Alexander, Vienna representative of Lowry & Co. OBG, industrial supply firm in London, who has his office at Vienna IX, Liechtensteinstrasse 4, has asked the A/O Avtovelo Sales and Purchasing Office to quote its prices in pounds sterling for Diesel motors, grinding machines, spiral drills and electric generators. At the present time Lowry & Co. is offering on the Austrian market 25 tons of Boehler tool steel plate for 6 to 6.20 schillings per kilogram; chrome-vanadium steel for 13 schillings per kilogram, various steel products manufactured by Schoeller-Blechmann in addition to special steel cable, steel band (Stahlbänder) transmission belts, graphite, various types of ores, and semi-finished iron products.
- f) "Interkont" Landwirtschaftliche Maschinen und Geräte Handelsgesellschaft m.b.H., Vienna I, Dorotheergasse 7, is interested in purchasing 40 to 100 Diesel electric generators for shipment to Lebanon. This firm wishes delivery f.o.b. Trieste for dollar payment.
- g) In response to its recent inquiry regarding the sale of electromobiles (Elektromobil), Austro-Fiat has advised the German division of "Intrac" Gesellschaft fuer Internationalen Warenaustausch und Grosshandel m.b.H.

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that it can deliver 10 electromobiles within nine months after a specific order is received, and five per month thereafter. Austro-Fiat's price for an electromobile without electrical equipment or tires is 120,750 schillings; for a completely equipped electromobile, 213,288 schillings.

- h) Austro-Fiat is also offering "Intrac" G.m.b.H. the following at a three percent reduction in price.*(C)

Product	Price in Schillings
Type 3-DW-120 trucks equipped with tires	137,000
Flat wagon equipped with tires	142,000
One 6,000 liter tank (Tankaufbau)	28,500
One chassis with cabin and tank (Tankaufbau)	165,500
One trailer chassis, weighing approximately 8.5 tons, equipped with 9 tires	40,000
One trailer equipped with a 6,000 liter tank	68,500

USIA Suppliers

7. a) Engr. Otto Ploss, an independent Vienna dealer, has offered USIA 50,000 ball bearings allegedly at a price 20 percent below the current price of the Steyr ball bearing plant.*(?)
- b) Vida Grosshandel Import-Export, Vienna III, Stalinplatz 4, is offering the following types of Boehler Gebr. & Co. A.G. steel:

21 tons of special 1.5 millimeter steel plate for five schillings per kilogram.

4.5 tons of special 2 millimeter steel plate for 5.20 schillings per kilogram.

3 tons of chrome-manganese-vanadium steel for 12 schillings per kilogram.*(10)

- c) Dr. Alfred Back Kommerzges.m.b.H., Vienna III, Radetzkystrasse 25, is offering USIA West German steel plate at a price just slightly higher than current prices on the Austrian market. Back will accept payment in schillings and he claims that he can guarantee delivery within six weeks after credit standing is established. Back's firm uses the Communist-controlled "Intrac" G.m.b.H. as a business reference.*(11)

- d) Warenverkehr G.m.b.H., formerly Paurock & Muhm, Vienna I, Annagasse 3a, has offered USIA delivery f.o.b. Passau for payment in dollars the following types of steel plate from sources in the Western zones of Germany:

20 tons of fine st-2 sheet metal

64 tons of fine st-3 sheet metal

6 tons of st-5 drawn sheet metal (Ziehbleche)

54 tons of st-6 drawn sheet metal

57 tons of st-7a drawn sheet metal (Tiefziehbleche)

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USIA's Central Commercial Bureau

8. Dr. Walter Holland, who has been handling Soviet imports from Eastern Germany for USIA's Central Commercial Bureau, has been dismissed, allegedly because he engaged in private transactions with foreign trade delegations. Holland is now employed by H. Schwinner, Vienna III, Beatrixgasse 26. (12)*

USIA Curtails Sheet Glass Output

9. The USIA-controlled Erste Oesterreichische Maschinglasindustrie A.G. in Brunn am Gebirge has reduced its output of sheet glass to about 15 percent of its present production capacity because of a critical shortage of sodium sulfate. This firm recently refused an offer of a small quantity of sodium sulfate to be delivered at a cost of 1,200 schillings per ton f.o.b. Linz allegedly because it cannot afford to pay more than 1,000 schillings per ton. But, unless USIA procures immediate delivery of a minimum of 200 to 500 tons of sodium sulfate, the Brunner Glasfabrik will not be able to continue manufacturing sheet glass for more than two or three weeks.

Sale of Railroad Tracking

10. USIA's Construction and Building Materials Administration is now trying to sell 100 tons of railroad tracking from a storage depot in Floridsdorf for 1.10 schillings per kilogram f.o.b. Vienna. It is reported that 160 tons of this tracking was transferred from St. Valentin to Floridsdorf some time ago and that USIA has already sold 60 tons to an unidentified Austrian purchaser. (13)

- 25X1 (1) [] Comment: Thienel was most recently mentioned [] 25X1
- 25X1 *(2) [] Comment: [] Engr. Kominck of 25X1
Kromag A.G. claims this USIA firm cannot manufacture 10-millimeter and the 25X1
larger sizes of spiral drills because of past Soviet dismantlings.
- 25X1 *(3) []
- 25X1 *(4) [] Comment: For a previous report on Steyr-Daimler-Puch A.G.'s raw material 25X1
requirements []
- 25X1 *(5) 25X1 []
- 25X1 *(6) [] Comment: This is by no means a complete list of USIA products shipped to 25X1
the USSR during March and April 1950 but only a list of those shipments known
to [] It is possible that the winches [] are included 25X1
in a list of shipments despatched by the Soviet-controlled DDCG during April
1950; [] 25X1
- 25X1 *(7) [] Comment: [] may refer to Kuntzel & Co. K.G., Vienna V, Rechte Wien- 25X1
zeile 45.
- 25X1 *(8) [] Comment: Intrac derives a three percent commission on the sale of
electromobiles and two percent on other Austro-Fiat products.
- 25X1 (9) [] Comment: For a previous report on Ploss and his connections with the
Steyr ball bearing plant; [] 25X1
- 25X1 *(10) [] Comment: [] failed to specify, but it is believed these prices are 25X1
quoted per kilogram.
- 25X1 *(11) [] Comment: In this connection it is interesting to note [] 25X1
[] that USIA's Construction and Building Materials
Administration recently rejected 250 tons of a poor grade of galvanized cor-
rugated sheet metal which the Back firm delivered to "Vertrieb von Baumaterialien"
some time during the latter part of April 1950.
- 25X1 *(12) [] Comment: The Schwinner firm may be identical with Helene Schwinner, commercial
agent listed in the Vienna telephone directory at Vienna XVIII, Gymnasiumstrasse 5.
- 25X1 *(13) [] Comment: This information has been confirmed [] 25X1
in a report dated 29 April 1950.

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